

**HOUSING AUTHORITY OF
NATCHITOCHES PARISH
Natchitoches, Louisiana**

**Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2010
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/13/11

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Basic Financial Statements
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As of and for the Year Ended
June 30, 2010
With Supplemental Information Schedules

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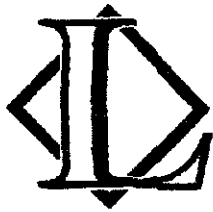
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Natchitoches, Louisiana

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As of and for the Year Ended
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Independent Auditors' Report



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

To the Board of Commissioners
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana

We have audited the accompanying financial statements of the business-type activities, the component unit, and each major fund of the Housing Authority of Natchitoches Parish as of and for the year ended June 30, 2010, which collectively comprise the Housing Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Housing Authority of Natchitoches Parish's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the component unit, and each major fund of the Housing Authority of Natchitoches Parish as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2011, on our consideration of the Housing Authority of Natchitoches Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed

in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Natchitoches Parish's basic financial statements. The financial data schedule, the schedule of expenditures of federal awards, and the schedule of compensation paid board members are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The financial data schedule, the schedule of expenditures of federal awards, the schedule of actual modernization cost certificate, and the schedule of compensation paid board members have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Little + Associate, LLC

Monroe, Louisiana
March 15, 2011

Management's Discussion and Analysis

Housing Authority of Natchitoches Parish, Louisiana

Management's Discussion and Analysis (MD&A)

June 30, 2010

(Unaudited)

We, the management of the Housing Authority of Natchitoches Parish, Louisiana (the "Housing Authority"), present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended June 30, 2010. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities by \$2,241,039, at the close of the fiscal year ended 2010. Of this amount, \$377,017 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount is approximately twenty percent (20%), or about two and one-half months, of the total operating expenses (before depreciation expense) for the fiscal year 2010. Net assets of \$1,648,460 represents restrictions equal to the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$7,440,172, net of accumulated depreciation of \$5,783,819 and related debt of \$7,893. Net assets of \$215,562 represent restrictions of \$208,559 for the Housing Choice Voucher program's housing assistance payments and \$7,003 for the unexpended portion of a playground grant.
- The Housing Authority's total net assets increased by \$12,381, less than 1%, from fiscal year 2009.
- The Housing Authority continues to operate without the need to incur debt for operating purposes.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *balance sheet* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a

Management's Discussion and Analysis (MD&A)

June 30, 2010

(Unaudited)

useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner

The *statement of revenue, expenses and changes in fund net assets* presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS

The Housing Authority has many programs that are consolidated into the reporting for the primary government. The Housing Authority's significant programs consist of the following:

Low-Income Public Housing – Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program – The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. The formula funding methodology is based on size and age of the Housing Authority's units.

Section 8 Housing Assistance – Housing Choice Voucher Program – These programs assist low-income families in affording decent, safe and sanitary housing by encouraging property owners to construct new, or rehabilitate existing substandard housing, and then lease the units with rental subsidies to low-income families.

FINANCIAL ANALYSIS

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The

Management's Discussion and Analysis (MD&A)

June 30, 2010

(Unaudited)

Housing Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The Housing Authority maintains several funds. The General Fund is used to account for the low rent and the capital fund programs. The Housing Assistance Programs fund accounts for the Section 8 Housing Choice Vouchers program, the Family Self-Sufficiency Coordinator program, and the Disaster Voucher Program. The fund financial statements can be found on pages 9 through 13 of this report.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 14 through 25 of this report.

Net Assets and Changes in Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by \$2,241,039 at June 30, 2010. By far the largest portion of the Housing Authority's net assets (74%) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents. The unrestricted net assets of the Housing Authority are available for future use to provide program services. The restricted assets are available for housing assistance payments and for the acquisition of playground equipment. An analysis of net assets and changes in net assets is as follows:

Net Assets

	2010	2009
Current assets	\$ 605,971	\$ 495,654
Restricted assets	223,679	250,934
Capital assets, net	1,656,353	1,638,646
Total assets	2,486,003	2,385,234
Current liabilities	218,661	126,751
Long-term liabilities	26,303	29,825
Total liabilities	244,964	156,576
Net assets		
Invested in capital assets, net of related debt	1,648,460	1,625,288
Restricted	215,562	255,225
Unrestricted	377,017	348,145
Total net assets	\$ 2,241,039	\$ 2,228,658

Management's Discussion and Analysis (MD&A)

June 30, 2010

(Unaudited)

Change in Net Assets

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Revenues:			
Dwelling rental and other	\$ 195,627	\$ 195,590	\$ 37
Interest earnings	10,550	17,488	(6,938)
Gain (Loss) on casualty	4,306	-	4,306
Federal grants	1,633,201	1,384,221	248,980
Capital contributions	200,991	-	200,991
Total revenues	<u>2,044,675</u>	<u>1,597,299</u>	<u>\$ 447,376</u>
Expenses:			
Administration	427,665	411,238	16,427
Tenant services	45,482	45,489	(7)
Utilities	16,104	16,433	(329)
Ordinary maintenance and repairs	149,887	106,282	43,605
General expenses	66,074	74,380	(8,306)
Housing assistance payments	1,143,141	1,030,016	113,125
Interest Expense	657	886	(229)
Depreciation and amortization	183,284	182,644	640
	<u>2,032,294</u>	<u>1,867,368</u>	<u>164,926</u>
Change in net assets	12,381	(270,069)	282,450
Beginning net assets	<u>2,228,658</u>	<u>2,498,727</u>	<u>(270,069)</u>
Ending net assets	<u>\$ 2,241,039</u>	<u>\$ 2,228,658</u>	<u>\$ 12,381</u>

Total revenues increased by \$447,376 due primarily to:

- Federal Grants and Capital Contributions increasing by \$449,971 in total – The Housing Authority expended \$130,699 under its Capital Fund Programs and \$120,918 under its ARRA Program, which represents a significant increase when compared to the prior year. The increase in the expenditures under these programs and resultant increase in the programs' revenues was attributable primarily to repair and renovation work at the projects and the acquisition of appliances for the Housing Authority's projects and nondwelling equipment.

Management's Discussion and Analysis (MD&A)

June 30, 2010

(Unaudited)

Total expenses increased by \$164,926 due primarily to:

- Housing Assistance Payments of \$113,125 – Increase in the number of units leased under the Section 8 Housing Choice Voucher program administered by the Housing Authority.
- Ordinary Maintenance and Repairs in the amount of \$43,605 – A significant amount of necessary repair and maintenance work was performed on the projects in the current fiscal year. The extent of such repairs and maintenance work was not required for the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, the Housing Authority's investment in capital assets was \$1,656,353 (net of accumulated depreciation) as reflected in the following schedule. This amount represents a decrease (including additions, deductions, and depreciation) of \$162,336.

	2010	2009
Land	\$ 221,890	\$ 221,890
Buildings and improvements	6,656,679	6,645,937
Furniture and equipment	422,513	386,324
Construction in progress	139,090	1,805
Totals	7,440,172	7,255,956
Less accumulated depreciation	(5,783,819)	(5,617,310)
	<u>\$ 1,656,353</u>	<u>\$ 1,638,646</u>

Major capital assets constructed or purchased during the year ended June 30, 2010, included renovations to the projects, ranges and refrigerators, and playground equipment. Additional information on the Housing Authority's capital assets can be found in the notes to the financial statements.

Debt/Long-Term Obligations

The Housing Authority's debt consists of accrued annual leave and two capitalized lease obligations for office equipment. We present more detail about our debt in the notes to the financial statements.

Management's Discussion and Analysis (MD&A)

June 30, 2010

(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The Housing Authority is expected to receive approximately \$260,000 in Operating Subsidy from HUD for the year ending June 30, 2011. The Housing Authority also will continue to administer HUD's Section Housing Choice Voucher Program for Natchitoches Parish. In addition, the 2007 - 2010 Capital Fund Program budgets have already been approved by HUD and no major changes are expected. The Capital Fund Program budgets are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties, including administrative fees involved in the modernization.

As of June 30, 2010, the Housing Authority has \$385,626 of approved funding available for future spending under its 2007 - 2010 Capital Fund Programs. In addition, the Housing Authority has \$67,601 available in funding through the American Recovery and Reinvestment Act of 2009 (the Stimulus Package).

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Theresa F. Gibson, Executive Director, Housing Authority of Natchitoches Parish, 525 Fourth Street, Natchitoches, Louisiana 71458 or call telephone number (318) 352-1620.

Basic Financial Statements

HOUSING AUTHORITY OF NATCHITOCHIES PARISH

BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2010

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 65,561	\$ 38,187	\$ 103,748	\$ 8,227	\$ 111,975
Investments	243,381	149,950	393,531	-	393,531
Receivables (net of allowances for uncollectibles)	59,980	-	59,980	-	59,980
Internal balances - interprogram	67,501	(67,501)	-	-	-
Inventory	3,382	-	3,382	-	3,382
Prepaid expenses	41,181	4,149	45,330	-	45,330
Total Current Assets	481,186	124,785	605,971	8,227	614,198
Restricted Assets:					
Cash and cash equivalents-tenant deposits	9,730	-	9,730	-	9,730
Cash and cash equivalents-escrow & HAP equity	-	126,619	126,619	-	126,619
Investments	-	87,330	87,330	-	87,330
Total Restricted Assets	9,730	213,949	223,679	-	223,679
Noncurrent Assets:					
Capital assets:					
Land	221,890	-	221,890	63,000	284,890
Buildings and equipment (net of accumulated depreciation)	1,295,373	-	1,295,373	207,016	1,502,389
Construction in progress	139,090	-	139,090	-	139,090
Total Non-Current Assets	1,656,353	-	1,656,353	270,016	1,926,369
TOTAL ASSETS	\$ 2,147,269	\$ 338,734	\$ 2,486,003	\$ 278,243	\$ 2,764,246

(CONTINUED)

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF NATCHITOCHES PARISH
BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2010

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
LIABILITIES					
Current Liabilities:					
Accounts payable - trade and contact	\$ 74,297	\$ 7,383	\$ 81,680	\$ -	\$ 81,680
Accounts payable - HUD	18,852	-	18,852	-	18,852
Accrued wages, taxes and benefits	8,398	1,412	9,810	-	9,810
Deferred revenues	2,792	1,828	4,620	-	4,620
Due to other governments	73,182	-	73,182	-	73,182
Other liabilities	-	5,390	5,390	1,447	6,837
Note payable	-	-	-	281,165	281,165
Capitalized lease obligation - current portion	5,772	-	5,772	-	5,772
Accrued compensated absences - current portion	7,627	2,248	9,875	-	9,875
Total Current Liabilities	190,920	18,261	209,181	282,612	491,793
Current liabilities payable from restricted assets - tenant security deposits	9,480	-	9,480	-	9,480
Noncurrent Liabilities:					
Capitalized lease obligation - net of current portion	2,121	-	2,121	-	2,121
Accrued compensated absences - net of current portion	18,094	6,088	24,182	-	24,182
Total Non-Current Liabilities	20,215	6,088	26,303	-	26,303
Total Liabilities	220,615	24,349	244,964	282,612	527,576
NET ASSETS					
Invested in capital assets, net of related debt	1,648,460	-	1,648,460	(11,149)	1,637,311
Restricted	7,003	208,559	215,562	-	215,562
Unrestricted	271,191	105,826	377,017	6,780	383,797
Total Net Assets	1,926,654	314,385	2,241,039	(4,369)	2,236,670
TOTAL LIABILITIES AND NET ASSETS	\$ 2,147,269	\$ 338,734	\$ 2,486,003	\$ 278,243	\$ 2,764,246
					(CONCLUDED)

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF NATCHITOCHES PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
OPERATING REVENUES					
Dwelling rental	\$ 139,126	\$ -	\$ 139,126	\$ 33,643	\$ 172,769
Other	55,869	632	56,501	7,706	64,207
Total Operating Revenues	194,995	632	195,627	41,349	236,976
OPERATING EXPENSES					
Administration	249,351	178,114	427,665	3,707	431,372
Tenant services	-	45,482	45,482		45,482
Utilities	16,104	-	16,104		16,104
Ordinary maintenance and operations	149,887	-	149,887	209	150,096
General expenses	61,061	5,013	66,074	2,755	68,829
Housing assistance payments	-	1,143,141	1,143,141		1,143,141
Depreciation	183,284	-	183,284	5,925	189,209
Total Operating Expenses	659,887	1,371,750	2,031,637	12,596	2,044,233
OPERATING INCOME (LOSS)	(464,892)	(1,371,118)	(1,836,010)	28,753	(1,807,257)
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	5,307	5,243	10,550	29	10,579
Gain (Loss) on disposition of capital assets	4,306	-	4,306		4,306
Interest expense	(657)	-	(657)	(22,873)	(23,530)
Federal grants	302,526	1,330,675	1,633,201	-	1,633,201
Total Nonoperating Revenues (Expenses)	311,482	1,335,918	1,647,400	(22,844)	1,624,556
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(153,410)	(35,200)	(188,610)	5,909	(182,701)
Capital contributions	200,991	-	200,991		200,991
CHANGE IN NET ASSETS	47,581	(35,200)	12,381	5,909	18,290
TOTAL NET ASSETS - BEGINNING	1,879,073	349,585	2,228,658	(10,278)	2,218,380
TOTAL NET ASSETS - ENDING	\$ 1,926,654	\$ 314,385	\$ 2,241,039	\$ (4,369)	\$ 2,236,670

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF NATCHITOCHEES PARISH

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT
Cash Flows From Operating Activities			
Dwelling rent receipts	\$ 138,260	\$ -	\$ 138,260
Other receipts	67,919	632	68,551
Payments to suppliers	(215,444)	(117,881)	(333,325)
Payments to employees	(260,403)	(105,497)	(365,900)
Housing assistance payments	-	(1,143,141)	(1,143,141)
Net Cash Provided (Used) by Operating Activities	(269,668)	(1,365,887)	(1,635,555)
Cash Flows From NonCapital Financing Activities			
Advances (to) from other funds	(124,499)	124,499	-
Federal grants	313,965	1,332,503	1,646,468
Net Cash Provided (Used) by Noncapital Financing Activities	189,466	1,457,002	1,646,468
Cash Flows From Capital and Related Financing Activities			
Interest paid on capital debt	(657)	-	(657)
Principal paid on capital debt	(5,467)	-	(5,467)
Contributed Capital	180,294	-	180,294
Proceeds from disposition of capital assets	4,306	-	4,306
Acquisition and construction of capital assets	(134,913)	-	(134,913)
Net Cash Provided (Used) by Capital and Related Financing Activities	43,563	-	43,563
Cash Flows From Investing Activities			
Purchase of investments	(5,307)	(68,465)	(73,772)
Redemption of investments	65,083	50,000	115,083
Interest and dividends received	5,307	5,243	10,550
Net Cash Provided (Used) by Investing Activities	65,083	(13,222)	51,861
Net Increase in Cash and Cash Equivalents	28,444	77,893	106,337
Cash and Cash Equivalents, Beginning of Year	46,847	86,913	133,760
Cash and Cash Equivalents, End of Year	\$ 75,291	\$ 164,806	\$ 240,097

(CONTINUED)

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF NATCHITOCHEES PARISH

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT
Reconciliation of Operating Income to Net Cash Provided (Used)			
by Operating Activities			
Operating income (loss)	\$ (464,892)	\$ (1,371,118)	\$ (1,836,010)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	183,284	-	183,284
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net	11,068	-	11,068
(Increase) decrease in inventories	7,739	-	7,739
(Increase) decrease in prepaid items	(13,975)	(773)	(14,748)
Increase (decrease) in accounts payable	6,236	6,234	12,470
Increase (decrease) in tenant deposits	205	-	205
Increase (decrease) in accrued wages, taxes, & benefits	(2,503)	(873)	(3,376)
Increase (decrease) in deferred revenue	(89)	-	(89)
Increase (decrease) in due to other governments	595	-	595
Increase (decrease) in compensated absences	2,664	643	3,307
Increase (decrease) in other liabilities	-	-	-
Total Adjustments	195,224	5,231	200,455
Net Cash Provided by Operating Activities	\$ (269,668)	\$ (1,365,887)	\$ (1,635,555)
Cash and Cash Equivalents are Included in the Balance Sheet as Follows:			
Current Assets:			
Cash and cash equivalents	\$ 65,561	\$ 38,187	\$ 103,748
Restricted Assets:			
Cash and cash equivalents - tenant deposits	9,730	-	9,730
Cash and cash equivalents - escrow & HAP equity	-	126,619	126,619
	\$ 75,291	\$ 164,806	\$ 240,097
Supplemental Disclosure of Noncash Capital/Financing Activities:			
Acquisition of capital asset through incurrence of liabilities	\$ 66,078	\$ -	\$ 66,078

(CONCLUDED)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Housing Authority of Natchitoches Parish, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board of commissioners, who are appointed by the Parish Police Jury of Natchitoches Parish. The members of the board of commissioners serve staggered five-year terms without benefit of compensation.

The Housing Authority has the following units:

	<u>Number of Units</u>
PHA Owned Housing	92
Section 8 – Housing Choice Voucher	334

The Housing Authority also manages 62 units through management contracts for two projects.

Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 39 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority of Natchitoches Parish is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of Natchitoches Parish, Louisiana since the Parish appoints a voting majority of the Housing Authority's governing board. The Parish is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, Natchitoches Parish. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of Natchitoches Parish.

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

GASB Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that Assisted and Safe Homes, Inc. (the "Organization"), a legally separate entity, is a component unit of the Housing Authority. The members of the Board of Commissioners of the Housing Authority serve on the Board of Directors of the Organization. The Housing Authority's Board of Commissioners maintains a voting majority of the Organization's Board of Directors, and the Housing Authority has the ability to impose its will on the Organization. As a result, the Housing Authority has included the financial statements of Assisted and Safe Homes, Inc. in its financial statements through discrete presentation. The financial position and changes in net assets of Assisted and Safe Homes, Inc. are presented as of and for the year ended December 31, 2009. The separate financial statements of Assisted and Safe Homes, Inc. can be obtained from the Natchitoches Parish Housing Authority, 525 Fourth Street, Natchitoches, Louisiana.

B. BASIS OF PRESENTATION AND FUNDS

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, net assets, revenues, and expenses, is maintained. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity,

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

is an important financial indicator. The general fund accounts for the transactions of the Public and Indian Housing program (Low Rent program) and the Public Housing Capital Fund program. The housing assistance programs fund consists of the Section 8 – Housing Choice Vouchers Program, for which the Housing Authority is the contract administrator, the Public Housing Family Self-Sufficiency Under Resident Opportunities and Supportive Services program, and the Disaster Voucher Program.

The Housing Authority's operating revenues include dwelling rentals, tenant charges, and other revenues. Revenues that are not classified as operating revenues are presented as nonoperating revenues or capital contributions depending on the purpose of the revenue.

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* (the "Statement").

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary funds are reported in the accompanying financial statements on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGET PRACTICES

The Housing Authority adopted budgets for all funds. Budgets for the Capital Funds Programs are multiple-year budgets.

Budgets are approved by the Board of Commissioners and, in certain instances, by HUD. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the Board of Commissioners and, in certain instances HUD; however, the Executive Director is authorized to transfer amounts between line items within the low rent program provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance

HOUSING AUTHORITY OF NATCHITOCHES PARISH
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Notes to the Financial Statements
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with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budgetary integration is employed as a management control device during the year.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits and other financial instruments having an original maturity of ninety days or less, and cash with the fiscal agent.

F. INVESTMENTS

Investments are limited by LSA-RS 33:2955 and the Housing Authority's investment policy. Financial instruments having original maturities exceeding ninety days are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. Investments are reported at either fair value or amortized cost in accordance with generally accepted accounting principles.

G. BAD DEBTS

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

H. INTERNAL BALANCES

During the course of operations, numerous transactions occur between individual funds and programs for services rendered or for reimbursement of costs paid by one fund or program on behalf of another fund or program. These receivables and payables are classified in internal balances on the balance sheet. The internal balances are eliminated at the reporting level in the balance sheet.

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

I. INVENTORY

All inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting purposes.

J. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

L. CAPITAL ASSETS

Capital assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. The capitalization threshold is \$1,000. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

Buildings	33 years
Building and site improvements	15 years
Furniture and fixtures	5-7 years
Computers	3 years

M. VACATION AND SICK LEAVE

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by the employee's retirement or termination date.

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

N. RESTRICTED NET ASSETS

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

O. RISK MANAGEMENT

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public officials' liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2010.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Under state law, the Housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2010, the Housing Authority's carrying amount of deposits was \$720,858, which includes the following:

HOUSING AUTHORITY OF NATCHITOCHES PARISH
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

Cash and cash equivalents - unrestricted	\$ 103,648
Cash and cash equivalents - restricted	136,349
Investments in certificates of deposit - unrestricted	393,531
Investments in certificates of deposit - restricted	<u>87,330</u>
 Total	 <u><u>\$ 720,858</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010, the Housing Authority's total deposits ("bank balances") were \$706,144, none of which is exposed to custodial credit risk.

As of December 31, 2009, Assisted Safe Homes, Inc.'s carrying amount of deposits was \$8,227.

3. RESTRICTED ASSETS

Restricted assets at June 30, 2010, are as follows:

Cash and cash equivalents - tenants security deposits	\$ 9,730
Cash and cash equivalents and investments - HAP equity	208,559
Cash and cash equivalents - Section 8 FSS escrow account	5,390
Total restricted assets	<u><u>\$ 223,679</u></u>

4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2010:

	General	Housing Assistance Programs	Total
Tenants - rents and other charges	\$ 1,322	\$ -	\$ 1,322
Other	11,145	-	11,145
Federal Grants	47,513	-	47,513
Subtotal	<u>59,980</u>	<u>-</u>	<u>59,980</u>
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u><u>\$ 59,980</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 59,980</u></u>

HOUSING AUTHORITY OF NATCHITOCHES PARISH
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

5. CAPITAL ASSETS

The following presents the changes in capital assets:

Primary Government:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Land	\$ 221,890	\$ -	\$ -	\$ 221,890
Buildings and improvements	5,375,483	1,805	-	5,377,288
Site improvements	1,270,453	-	-	1,270,453
Furniture and equipment	386,324	61,902	(16,775)	431,451
Construction in progress	1,805	139,090	(1,805)	139,090
Total	<u>7,255,955</u>	<u>202,797</u>	<u>(18,580)</u>	<u>7,440,172</u>
Less accumulated depreciation:				
Buildings and improvements	4,153,007	12,917	-	4,165,924
Site improvements	1,129,729	142,643	-	1,272,372
Furniture and equipment	334,573	27,725	(16,775)	345,523
	<u>5,617,309</u>	<u>183,285</u>	<u>(16,775)</u>	<u>5,783,819</u>
	<u>\$ 1,638,646</u>	<u>\$ 19,512</u>	<u>\$ (1,805)</u>	<u>\$ 1,656,353</u>

Discretely Presented Component Unit:

	Balance at December 31, 2008	Additions	Deletions	Balance at December 31, 2009
Land	\$ 63,000	\$ -	\$ -	\$ 63,000
Buildings and improvements	237,000	-	-	237,000
Total	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Less accumulated depreciation:				
Buildings and improvements	24,059	5,925	-	29,984
Fixed assets, net	<u>\$ 275,941</u>	<u>\$ (5,925)</u>	<u>\$ -</u>	<u>\$ 270,016</u>

HOUSING AUTHORITY OF NATCHITOCHES PARISH
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

6. ACCOUNTS PAYABLE – TRADE AND CONTRACT

Accounts payable – trade and contract at June 30, 2010, consisted of trade payables in the amount of \$38,773 and a contract payable in the amount of \$42,907 for the Housing Authority. The discretely presented component unit had no trade or contract accounts payable at December 31, 2009.

7. RETIREMENT SYSTEM

The employees of the Housing Authority of Natchitoches Parish participate in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees are eligible to participate in the plan on the first day of the month following completion of three months of continuous uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of his basic compensation. The Housing Authority makes a monthly contribution equal to 8.5% of each participant's basic compensation. Employees are considered fully vested in the plan after five years of continuous participation. Forfeitures of Housing Authority's contributions and interest earnings by employees who leave before being fully vested are used to offset future contributions by the Housing Authority.

At June 30, 2010, 2009, and 2008, the Housing Authority's contributions to the plan totaled \$20,891, \$22,341, and \$19,791, respectively.

8. COMPENSATED ABSENCES

At June 30, 2010, employees of the Housing Authority had accumulated and vested \$34,057 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made. The cost of leave privileges expecting to require current resources is considered a current obligation, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

9. LONG-TERM OBLIGATIONS

Primary Government:

At June 30, 2010, long-term obligations totaled \$26,203 consisting of compensated absences in the amount of \$24,182 and capitalized lease obligations in the amount of \$2,121. The following is a summary of the changes in long-term obligations for the year ended June 30, 2010:

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

	Total	Accrued Compensated Absences	Capitalized Lease Obligation
Balance at July 1, 2009	\$ 44,109	\$ 30,751	\$ 13,358
Additions	18,687	18,687	-
Retirements	(20,846)	(15,381)	(5,465)
Balance at June 30, 2010	41,950	34,057	7,893
Less current portion of long-term obligations	(15,647)	(9,875)	(5,772)
Long-term obligations	<u>\$ 26,303</u>	<u>\$ 24,182</u>	<u>\$ 2,121</u>

Discretely Presented Component Unit:

Assisted and Safe Homes, Inc. entered into a loan agreement in the amount of \$306,481 with The Peoples State Bank. The loan bears interest at a rate of 7.75% and is collateralized by real estate. The loan is payable upon demand by The Peoples State Bank; however, as long as demand for payment is not made, the loan will be repaid in monthly installments of \$2,529 until its maturity on July 18, 2011, at which time, all remaining principal and accrued interest will be paid. As of December 31, 2009, the balance on the loan was \$281,165.

10. LEASES

Operating Leases

The Housing Authority leases its building under a noncancelable operating lease. The building is leased from Assisted and Safe Homes, Inc. at a rate of \$3,000 per month. The building lease expires on May 31, 2014. The Housing Authority expended \$36,000 under the building lease during the year ended June 30, 2010. The following is a schedule of the future minimum lease payments of the operating lease:

Year Ending June 30.	Amount
2011	\$ 36,000
2012	36,000
2013	36,000
2014	33,000
Future minimum lease payments	<u>\$ 141,000</u>

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

Capitalized Leases

The Housing Authority records items under capital leases as an asset and an obligation in the accompanying Balance Sheet. During the year ended June 30, 2010, the Housing Authority had two capital lease agreements for the lease of copiers.

The following is a schedule of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2010:

<u>Year Ending June 30</u>	<u>Amount</u>
2011	\$ 6,122
2012	1,112
2013	1,112
2014	<u>93</u>
Net minimum lease payments	8,439
Less amount representing interest	<u>(546)</u>
Present value of net minimum lease payments	<u>\$ 7,893</u>

Assets under capital leases are reported in the Balance Sheet in capital assets, net of accumulated depreciation. The cost basis and the accumulated depreciation of these assets totaled \$22,776 and \$15,406, respectively, at June 30, 2010.

11. LITIGATION AND CLAIMS

At June 30, 2010, the Housing Authority is not involved in any known pending or threatened litigation, nor is it aware of any unasserted claims.

12. COMMITMENTS AND CONTINGENCIES

The Housing Authority operates in accordance with the requirements of two Annual Contribution Contracts. The Housing Authority's noncompliance with such contracts may result in a reduction of funding from HUD.

The Housing Authority participates in a number of federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Also,

HOUSING AUTHORITY OF NATCHITOCHES PARISH
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

13. ECONOMIC DEPENDENCY

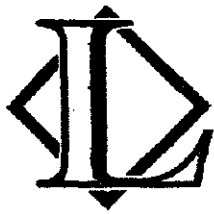
Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$1,834,192 to the Housing Authority, which represents approximately 90% of the Housing Authority's total revenue for the year.

14. SUBSEQUENT OPERATIONS

Subsequent to year-end, the Housing Authority has received operating subsidy from HUD in the amount of \$185,059 and housing assistance program funding of \$1,001,245. HUD has approved Capital Fund Program budgets for 2007 – 2010 totaling \$596,865, of which \$125,179 was expended subsequent to year-end. HUD has approved the 2009 American Recovery and Reinvestment Act program budget in the amount of \$188,519, of which \$67,601 of these funds was expended subsequent to year-end.

**Independent Auditors' Reports on
Compliance and on Internal Control**

The following independent auditors' reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Commissioners
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana

We have audited the financial statements of the business-type activities, the discretely presented component unit, and each major fund of the Housing Authority of Natchitoches Parish (the Housing Authority) as of and for the year ended June 30, 2010, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated March 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Natchitoches Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Natchitoches Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Natchitoches Parish's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Natchitoches Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain

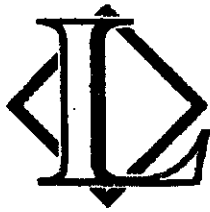
provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Housing Authority of Natchitoches Parish in a separate letter dated March 15, 2011.

This report is intended solely for the information and use of the Board of Commissioners and the management of the Housing Authority of Natchitoches Parish, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little & Associates, LLC

Monroe, Louisiana
March 15, 2011



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Compliance With Requirements
That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

To the Board of Commissioners
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana

Compliance

We have audited the Housing Authority of Natchitoches Parish's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of Natchitoches Parish's major federal programs for the year ended June 30, 2010. The Housing Authority of Natchitoches Parish's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Natchitoches Parish's management. Our responsibility is to express an opinion on the Housing Authority of Natchitoches Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Natchitoches Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of Natchitoches Parish's compliance with those requirements.

In our opinion, the Housing Authority of Natchitoches Parish complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-01.

Internal Control Over Compliance

Management of the Housing Authority of Natchitoches Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Natchitoches Parish's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Natchitoches Parish's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-01. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Housing Authority of Natchitoches Parish's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of Natchitoches Parish's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Commissioners and management of the Housing Authority of Natchitoches Parish, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little & Associates, LLC

Monroe, Louisiana
March 15, 2011

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued - Unqualified

Internal control over financial reporting:

- Material weaknesses identified - No
- Significant deficiency identified that was not considered to be material weakness – None Reported

Noncompliance material to the basic financial statements noted - No

Federal Awards

Internal control over major programs:

- Material weaknesses were identified - No
- Significant deficiency identified that was not considered to be material weakness - Yes

Type of auditors' report issued on compliance for major programs - Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 - Yes.

Identification of major programs:

CFDA #14.871 Section 8 Housing Choice Voucher
Capital Fund Cluster:
CFDA #14.872 Public Housing Capital Fund
CFDA #14.885 ARRA – Formula Capital Fund Stimulus Grant

Dollar threshold used to distinguish Type A and Type B programs - \$300,000

Auditee qualified as a low-risk auditee - No

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None Reported.

C. FINDINGS - FEDERAL AWARD PROGRAMS

2010-01 Procurement

CFDA #14.885 ARRA – Formula Capital Fund Stimulus Grant
Federal Award Number: LA48S166501-09
Federal Award Year: 2009

Criteria: When expending funds under the American Recovery and Reinvestment Act (“ARRA”), Public Housing Authorities (“PHAs”) must follow the “Buy American” provisions of Section 1605 of ARRA. The “Buy American” provisions apply to all expenditures of ARRA funds and require PHAs to use only iron, steel, and manufactured goods produced in the United States in their projects. In addition, contracts entered into by PHAs must include language reflecting the “Buy American” requirement if such contracts will utilize ARRA funds.

Condition: The Housing Authority of Natchitoches Parish (“Housing Authority”) entered into a contract for the renovation of the exterior of its housing units and for the purchase of appliances and the installation of such appliances in the units. The funding for the contract was through the Housing Authority’s ARRA – Formula Capital Fund Stimulus Grant. Management of the Housing Authority and its Fee Architect overseeing the renovation of the units were aware of the “Buy American” provisions of Section 1605 of ARRA. As a result, the Housing Authority specified in the contract certain brands of materials and appliances which were acceptable for use under the contract and which met the “Buy American” provisions of Section 1605 of ARRA. However, the contract did not include language reflecting the “Buy American” requirement.

Context: The Housing Authority entered into only one contract in which ARRA funds were utilized.

Effect: Since the Housing Authority specified in the contract certain manufactured goods produced in the United States, and since such goods were purchased and utilized in the performance of the contract, the effect of this noncompliance is unknown.

Cause: Management of the Housing Authority specified the brands in the contract to ensure that the “Buy American” provisions of Section 1605 of ARRA would be met.

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Recommendation: Management of the Housing Authority should review all grant provisions, particularly, those provisions that relate to the procurement process and should include in its contracts, at a minimum, such language as required by the grant provisions.

Views of Responsible Officials and Planned Corrective Action: Management of the Housing Authority believe that by specifying in the contract only brands produced in the United States, then the contract met the requirements and the spirit of Section 1605 of ARRA, and that the Housing Authority was in compliance with such section. In the future, Management of the Housing Authority will review all grant provisions, particularly, those provisions that relate to the procurement process and will include in its contracts, at a minimum, such language as required by the grant provisions.

Person Responsible for Corrective Action:

Ms. Theresa Gibson, Executive Director
Housing Authority of Natchitoches Parish
525 Fourth Street
Natchitoches, Louisiana 71458

**HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010**

There were no audit findings reported for the year ended June 30, 2009.

Supplemental Information

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2010

The members of the Board of Commissioners serve a staggered five-year term without compensation. The Board consists of the following members at June 30, 2010:

Dr. Richard Galloway
927 Nettie St
Natchitoches, LA 71457
352-4339 (H) 357-0232 (W)

Mrs. Peggy Braxton
142 Starlight Point
Natchitoches, LA 71457
354-2223 (H) 357-1400 (W)

Mr. Edward Ward, Jr.
149 Martin Luther King
Natchitoches, LA 71457
357-0695 (H) 352-4405 (W)

Mr. Michael I. Wilson
100 Morgan Lane
Natchitoches LA 71457
352-4749 (H)

Mrs. Regina Keyser
1529 Williams Avenue
Natchitoches, LA 71457
354-1188 (W)

NATCHITOCHES PARISH HOUSING AUTHORITY
Natchitoches, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
Public and Indian Housing	14.850	\$ 251,900
Section 8 Housing Choice Vouchers	14.871	1,283,966
Capital Fund Cluster:		
Public Housing Capital Fund	14.872	130,699
ARRA - Formula Capital Fund Stimulus Grant	14.885	120,918
Disaster Voucher Program	14.DVP	1,227
Public Housing Family Self-Sufficiency under Resident Opportunities and Supportive Services	14.877	45,482
Total U.S. Department of Housing and Urban Development - Direct Programs		1,834,192
Total Expenditures of Federal Awards		\$ 1,834,192

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

Public and Indian Housing	\$ 251,900
Section 8 Housing Choice Vouchers	1,283,966
Capital Fund Cluster:	
Public Housing Capital Fund	130,699
ARRA – Formula Capital Fund Stimulus Grant	120,918
Disaster Voucher Program	1,227
Public Housing Family Self-Sufficiency under Resident Opportunities and Supportive Services	<u>45,482</u>
Total	<u>\$1,834,192</u>

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U. S. generally accepted accounting principles.

4. FEDERAL AWARDS

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

Housing Authority of Natchitoches Parish (LA166)
Financial Data Schedule
Entity Wide Balance Sheet Summary

June 30, 2010

	Project Total	14 DVP Disaster Voucher Program	14 837 Housing Choice Vouchers	6 Component Units	14 885 Formula Capital Fund Standstill Grant	Subtotal	BLM	Total
111 Cash - Unrestricted	\$5,561	\$3,854	\$14,333	\$8,227		\$11,193		\$11,193
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted								
114 Cash - Tenant Security Deposits	\$9,730		\$126,619			\$126,619		\$126,619
115 Cash - Restricted for Payment of Current Liabilities						\$9,730		\$9,730
100 Total Cash	\$75,291	\$3,854	\$160,952	\$8,227	\$0	\$248,324	\$0	\$248,324
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects								
123 Accounts Receivable - Other Government	\$37,661							
124 Accounts Receivable - Miscellaneous					\$9,852	\$47,513		\$47,513
125 Accounts Receivable - Tenants	\$11,145					\$11,145		\$11,145
126 Allowance for Doubtful Accounts - Other	\$1,967					\$1,967		\$1,967
127 Notes, Loans, & Mortgages Receivable - Other	\$645					\$645		\$645
128 Fraud Recovery	\$0				\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
130 Total Receivables, Net of Allowances for Doubtful Accounts	\$50,128	\$0	\$0	\$0	\$9,852	\$59,980	\$0	\$59,980
131 Investments - Unrestricted	\$243,181		\$145,950			\$389,131		\$389,131
132 Investments - Restricted								
133 Investments - Restricted for Payment of Current Liability			\$87,340			\$87,340		\$87,340
142 Prepaid Expenses and Other Assets	\$41,181		\$4,149			\$45,330		\$45,330
143 Inventories	\$3,382					\$3,382		\$3,382
143.1 Allowance for Obsolete Inventories	\$0					\$0		\$0
144 Inter Program Due From	\$115,014					\$115,014		\$115,014
145 Assets Held for Sale								
150 Total Current Assets	\$528,517	\$3,854	\$402,381	\$8,227	\$28,704	\$971,743	\$133,866	\$837,877
161 Land								
162 Buildings	\$271,890					\$271,890		\$271,890
163 Furniture, Equipment & Machinery, Dwellings	\$3,325,482			\$63,040		\$3,388,522		\$3,388,522
164 Furniture, Equipment & Machinery - Administration	\$86,323			\$277,000		\$363,323		\$363,323
165 Leasehold Improvements	\$147,128					\$147,128		\$147,128
	\$1,272,259					\$1,272,259		\$1,272,259

Housing Authority of Natchitoches Parish (LA166)
Financial Data Schedule
Entity Wide Balance Sheet Summary

June 30, 2010

166 Accumulated Depreciation	\$5,283,813	\$29,584	\$5,313,397	\$5,313,397	\$5,313,397
167 Construction in Progress	\$18,172		\$18,172	\$18,172	\$18,172
168 Infrastructure					
169 Total Capital Assets, Net of Accumulated Depreciation	\$1,333,035	\$0	\$270,016	\$1,926,369	\$1,926,369
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due					
173 Grants Receivable - Non-Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,333,035	\$0	\$270,016	\$1,926,369	\$1,926,369
190 Total Assets	\$2,004,012	\$3,854	\$278,243	\$2,898,112	\$2,898,112
311 Bank Overdraft					
312 Accounts Payable - < 30 Days	\$74,297	\$7,383		\$81,680	\$81,680
313 Accounts Payable > 90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$8,398	\$1,412		\$9,810	\$9,810
322 Accrued Compensated Absences - Current Portion	\$7,637	\$2,248		\$9,885	\$9,885
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$811	\$811	\$811
331 Accounts Payable - HUD PHA Programs	\$0		\$18,852	\$18,852	\$18,852
332 Accounts Payable - PHA Projects					
333 Accounts Payable - Other Government	\$71,182			\$71,182	\$71,182
341 Tenant Security Deposits	\$9,480			\$9,480	\$9,480
342 Deferred Revenues	\$2,752	\$1,116	\$1,116	\$4,620	\$4,620
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$5,772	\$281,165		\$286,937	\$286,937
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities		\$3,390		\$3,390	\$3,390
346 Accrued Liabilities - Other					
347 Inter Program - Due To	\$56,513	\$67,501	\$9,852	\$133,866	\$133,866
348 Loan Liability - Current					
310 Total Current Liabilities	\$238,061	\$1,816	\$381,976	\$634,503	\$634,503
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$28,704	\$133,866	\$133,866
352 Long-term Debt, Net of Current - Operating Borrowings	\$2,121			\$2,121	\$2,121
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non-Current	\$18,094	\$6,088	\$636	\$24,818	\$24,818

June 30, 2010

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Housing Authority of Natchitoches Parish (LA166)

Financial Data Schedule

Entity Wide Revenue and Expense Summary

For the Year Ended June 30, 2010

	Project Total	14 DVP Disaster Voucher Program	14 B71 Housing Choice Vouchers	6 Component Units	14 585 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
70100 Net Tenant Rental Revenue	\$139,126			\$33,643		\$172,769		\$172,769
70400 Tenant Revenue - Other	\$55,869					\$55,869		\$55,869
70500 Total Tenant Revenue	\$194,995	\$0	\$0	\$33,643	\$0	\$228,638	\$0	\$228,638
70600 HUD PHA Operating Grants	\$372,526	\$1,227	\$1,329,448			\$1,631,201		\$1,631,201
70610 Capital Grants	\$80,073				\$120,918	\$200,991		\$200,991
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70760 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$5,307		\$1,835	\$29		\$7,171		\$7,171
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery			\$635			\$635		\$635
71500 Other Revenue	\$4,306			\$7,706		\$12,012		\$12,012
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted	\$587,207	\$1,227	\$1,335,323	\$41,278	\$120,918	\$2,085,033	\$0	\$2,085,033
70000 Total Revenue								
91100 Administrative Salaries	\$136,073		\$75,969			\$212,042		\$212,042
91200 Auditing Fees	\$12,300		\$9,000			\$21,300		\$21,300
91300 Management Fee								
91310 Book-keeping Fee	\$5,095		\$5,129			\$10,224		\$10,224
91400 Advertising and Marketing	\$101					\$101		\$101
91500 Employee Benefit Contributions - Administrative	\$52,203		\$23,277			\$75,480		\$75,480
91600 Office Expenses	\$23,799		\$55,339	\$3,707		\$82,845		\$82,845
91700 Legal Expense	\$160					\$160		\$160
91800 Travel	\$5,722		\$1,842			\$7,564		\$7,564
91810 Allocated Overhead								
91900 Other	\$2,555		\$1,537			\$4,092		\$4,092

Housing Authority of Natchitoches Parish (LA166)

Financial Data Schedule

Entity Wide Revenue and Expense Summary

For the Year Ended June 30, 2010

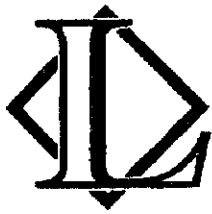
9100 Total Operating - Administrative	\$238,008	\$0	\$172,093	\$1,707	\$0	\$413,808	\$0	\$411,808
9200 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other			\$45,482			\$45,482		\$45,482
92500 Total Tenant Services	\$0	\$0	\$45,482	\$0	\$0	\$45,482	\$0	\$45,482
9300 Water	\$1,391					\$1,391		\$1,391
93200 Electricity	\$12,141					\$12,141		\$12,141
93300 Gas	\$2,118					\$2,118		\$2,118
93400 Fuel								
93500 Labor								
93600 Sewer	\$454					\$454		\$454
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93900 Total Utilities	\$16,104	\$0	\$0	\$0	\$0	\$16,104	\$0	\$16,104
9400 Ordinary Maintenance and Operations - Labor	\$41,022					\$41,022		\$41,022
94200 Ordinary Maintenance and Operations - Materials and Other	\$46,368			\$209		\$46,777		\$46,777
94300 Ordinary Maintenance and Operations - Contracts	\$12,574					\$12,574		\$12,574
94500 Employee Benefit Contributions - Ordinary Maintenance	\$17,408					\$17,408		\$17,408
94600 Total Maintenance	\$117,372	\$0	\$0	\$209	\$0	\$117,791	\$0	\$117,791
9500 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95600 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96100 Property Insurance	\$39,424		\$572			\$39,956		\$39,956
96120 Liability Insurance	\$1,099		\$635			\$1,734		\$1,734
96130 Workers' Compensation	\$2,900		\$1,192			\$4,092		\$4,092
96140 All Other Insurance	\$331		\$105			\$436		\$436
96100 Total Insurance Premiums	\$44,654	\$0	\$2,464	\$772	\$0	\$47,890	\$0	\$47,890
96200 Other General Expenses	\$74		\$1,741			\$1,815		\$1,815

For the Year Ended June 30, 2010

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[illegible]

Management Letter



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

March 15, 2011

Board of Commissioners
Housing Authority of Natchitoches Parish
525 Fourth Street
Natchitoches, Louisiana 71458

In planning and performing our audit of the financial statements of the Housing Authority of Natchitoches Parish ("Housing Authority") as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

However, during our audit we became aware of a certain matter that we deemed necessary to discuss with you. A summary of our comments regarding such matter are included in ML-2010-01 below. A separate report dated March 15, 2011, contains our report on the Housing Authority's internal control. This letter does not affect our report dated March 15, 2011, on the financial statements of the Housing Authority.

We will review the status of these comments during our next audit engagement. We have already discussed the matter noted below with various Housing Authority personnel, and we will be pleased to discuss them in further detail at your convenience.

Sincerely,

Little & Associates, LLC

ML-2010-01

In accordance with state statute, the Housing Authority of Natchitoches Parish's annual financial statements and accompanying independent auditors' report are required to be submitted to the Office of the Legislative Auditor on or before December 31 of each year. The Housing Authority of Natchitoches Parish's annual financial statements and accompanying independent auditors' report for the year ended June 30, 2010, were not submitted to the Office of the Legislative Auditor by December 31, 2010, for the following reason:

During the last few months of 2010 and into January 2011, the Executive Director of the Housing Authority was extremely ill. The illness caused the Executive Director to be hospitalized on several occasions and to be home bound for a significant amount of time. In addition, the Executive Director maintained certain files requested by the auditor for which no other employees had access, which caused delays in the auditor receiving audit information. As a result, the audit could not be completed and submitted to the Legislative Auditor by the December 31, 2010, due date.

Auditee Response and Corrective Action: Management of the Housing Authority agrees with the comments noted above. Management is aware of the annual reporting requirements to the Office of the Legislative Auditor and will strive to comply with such requirements in the future.

Person Responsible for Corrective Action:

Ms. Theresa Gibson
Executive Director
525 Fourth Street
Natchitoches, Louisiana 71458